

Enterprise M3 Board Meeting

29 March 2018

Enterprise M3 Governance – Item 11

Enterprise M3 Board is asked to:

i) Board Membership and Recruitment

NOTE the progress made on the recruitment of a new Chair and private sector Board Members for Enterprise M3

ii) Transparency and Governance

AGREE the proposed changes to Enterprise M3's Assurance Framework

1. Introduction

1.1 As Board Members will see from this paper, there are a number of strands of current activity associated with governance are currently underway. This paper summarises these strands, aiming to keep Board Members informed of recent developments.

2. Board Membership and Recruitment

2.1 Dr. Mike Short informed the Board at the meeting in November 2017, that due to his recent appointment as the Chief Scientific Advisor at the Department for International Trade he would no longer be able to serve as the Chairman of Enterprise M3 as he is now classified as a civil servant. Government agreed that Mike would be able to remain as Chairman of the Board until March 2018 to allow for a replacement to be found. The Board noted this approach at the Board Meeting and agreed that work should commence on a recruitment process for a new Chair.

2.2 The Nominations Committee have been overseeing this work, partnering with Executive Search Agency Perrett Laver, and are pleased to report that nearly 60 applications have been received for the roles. Feedback about Enterprise M3 and LEPs in general from prospective applicants has been consistently high. Having undertaken a longlisting exercise, we are pleased with the quality and calibre of the applications that we have received although would have welcomed a larger field for the role of Chair. Even with the introduction of remuneration for the role of Chair, we are still receiving consistent feedback about the level of time commitment and that the type of candidates that we are seeking to attract will often struggle to accommodate such a role within their portfolio. Improving the diversity of the Board has been a key point of emphasis for this exercise and we are pleased with the progress that Perrett Laver have made to date.

2.3 The longlists for both roles were finalised on 15 March 2018 and Perrett Laver will be interviewing approximately 20 candidates on our behalf over the coming weeks. Final interviews are scheduled for week commencing 23 April 2018 and the interview panel will be made up of Mike Short, Clive Sanders, James Cretney and Kathy Slack. We hope to contact all Board Members with recommendations in early May and will continue to keep Board Members updated on progress as this process develops.

3. Governance and Transparency

3.1 Following the Mary Ney Review last year, Government published guidance to LEPs on Governance and Transparency on 25 January 2018. The guidance from Government covered the following areas, rather than all of the recommendations contained in the Mary

Ney Review. Further information/guidance for LEPs is expected to be published following the conclusion of the LEP Review in the summer.

- a) Publication of meeting papers and agendas – *requirement to publish on an easily accessible part of the website papers for any Board Meeting and sub-committee which is responsible for decisions about public money. Draft minutes of any such meeting must be published within ten working days of the meeting taking place. This was implemented in January 2018 with draft minutes from January board published within 10 working days.*
- b) Confidential reporting procedures for third parties and the public - *Government required that all LEPs must put in place effective arrangements to enable third parties and the public to confidentially report concerns about LEP processes and decisions. This should be in addition to a standard complaints procedure (which we already had in place) and a whistleblowing policy. Government provided a template for LEPs to use and it was agreed by the Enterprise M3 Board that this approach was suitable.*
- c) Whistleblowing policies - *Government required that all LEPs must publish a whistleblowing policy on an easily accessible part of their website and make all Board Members, staff and contractors aware of the policy by 28 February 2018. In a similar way to the confidential reporting policy, Government provided a template for use by LEPs and it was agreed by the Enterprise M3 Board that this approach was suitable.*
- d) Codes of conduct (for Board Members and LEP Staff) - *Under the new guidance, LEP Board Members and staff are expected to sign up to a Code of Conduct, based upon the Nolan Principles. This has already been established practice for LEP Board Members who agree to adhere to the Nolan Principles when joining the Board, but was a new requirement for Enterprise M3 staff. For consistency, Government provided a template Code of Conduct and it was agreed by the Enterprise M3 Board that this approach was suitable.*
- e) Register of interests (for Board Members and senior LEP staff, based upon a standard template issued by Government) - *linked to the Code of Conduct, Government have issued a standard template for the recording of Board Member and senior LEP staff interests. This new approach was agreed by the Enterprise M3 Board in January 2018.*

3.2 The Board agreed the approach to implementing these recommendations at its meeting on 25 January 2018 and the team carried out the required changes in advance of Government's deadline of 28 February 2018. Given the intention that Programme Management Group has decision making powers from May 2018, papers from this meeting will be published from this date. All PMG members will also be required to sign the Code of Conduct and complete the standard Register of Interests which will be published on our website. All documents referred to above can now be found on the governance pages of our website - <https://www.enterprisem3.org.uk/how-we-operate>

3.3 The latest copy of our Register of Interests will be available at the Board Meeting on 29 March 2018. **We ask that all Board Members review this register to ensure that it is up to date and advise either Rachel Barker or Justine Davie of any changes.** Board Members attention is particularly drawn to the section which requires that any property (including main residence) within the Enterprise M3 area must be declared by using the first section of the postcode.

4. Programme Management Group – delegated authority

4.1 At the January 2018 Board Meeting, the principle of delegated authority to Programme Management Group to approve projects seeking Enterprise M3 funding of less than £3m was approved. It was agreed that further information would be presented to the Board in due course on how this might operate before this is implemented.

4.2 Key areas for consideration identified by PMG and Board were as follows:

- Ensuring that the change in approach still leads to robust decision making

- Ensuring adequate communication between PMG and Board
- Identifying the circumstances in which Programme Management Group might refer a project to the Enterprise M3 Board or where the Enterprise M3 Board might 'call in' a project.

4.3 Delegated approval to PMG for projects with an Enterprise M3 contribution of less than £3m does not signal a wider change of approach by Enterprise M3. The process of identifying and taking forward projects will continue to be as set out in the Assurance Framework and we will continue to commission independent due diligence. PMG have been clear that in moving to this new role, they expect to receive clear recommendations on whether to proceed with a project or not and will this require a new approach from the team as they will no longer be able to seek a conditional approval from PMG and resolve any outstanding issues in advance of the final decision being taken by the Board. In order to facilitate this, we are looking at the timing of our due diligence activity so that we have fully completed reports in advance of PMG meetings wherever possible.

4.4 In moving to this new approach, it will also be important to ensure strong communication between PMG and Board, both on the performance of current projects and the future pipeline. This communication will primarily be through the Local Growth Fund/Growing Enterprise Fund update papers which are always presented to both PMG and Board. These papers will include detail of business cases that we expect to receive and who will be responsible for taking the final decision on whether to approve these business cases. Draft minutes of PMG meetings will also be circulated to Board Members with the papers as a matter of course.

4.5 Finally, it was recognised by both PMG and Board that there may be circumstances where referral of projects to the Enterprise M3 Board may be appropriate and this should be incorporated into the proposals. Where a project has a contribution of less than £3m from Enterprise M3 but is of a particular strategic interest to Enterprise M3 and/or is controversial then PMG is able to refer the project to the Enterprise M3 Board for a decision. In addition, the Enterprise M3 Board will be able to 'call in' any projects being considered by the PMG so that the Board has the opportunity to consider the project. This will require the agreement of three Enterprise M3 Board Members and any such requests must be made at least five working days in advance of an Enterprise M3 Board Meeting.

4.6 This approach is set out in the revised Assurance Framework at Annex 1 and the Board's approval to the detail of delegation to PMG for projects seeking a contribution of less than £3m from Enterprise M3 is sought.

5. Assurance Framework

5.1 Enterprise M3's work is guided by an Assurance Framework which is published on our website. All Local Enterprise Partnerships are required to have an up to date and published Assurance Framework in place. This document is reviewed on an annual basis with the last review taking place in January 2017 in order to take account of Government changes to the National Assurance Framework which was published in November 2016.

4.2 Given recent changes as a result of revised Government guidance (detailed in section 3) and the changes to the Programme Management Group, revisions have been made to the Enterprise M3 Assurance Framework to ensure that it is up to date. The Board's approval to the revised Assurance Framework (at Annex 1) is sought, all proposed changes are shown in red text. It is anticipated that further such changes will be made throughout the year to incorporate recommendations from the LEP review which are due to be published this summer. In addition we will be working with our Accountable Body in the coming months to update the associated Memorandum of Agreement between Enterprise M3 and Hampshire County Council.

Annex 1: Enterprise M3 Assurance Framework (revised 19 March 2018)

Enterprise M3 Assurance Framework

This Assurance Framework (“Assurance Framework”) is to be read in conjunction with the Memorandum of Agreement between Hampshire County Council and Enterprise M3 Local Enterprise Partnership (the “MoA”) www.enterprisem3.org.uk/how-we-operate/

This Assurance Framework is a ‘living document’. It shall be reviewed on an annual basis and published on the above website. The Enterprise M3 Board is responsible for approving the Assurance Framework, in liaison with Hampshire County Council (the Accountable Body).

For the avoidance of any doubt, this Assurance Framework applies to all funding streams held by Hampshire County Council, in its role as the Accountable body to the Enterprise M3 Local Enterprise Partnership. This funding includes both capital and revenue funding.

1. Name of the LEP

1.1 Enterprise M3 Local Enterprise Partnership (“Enterprise M3”)

2. Geography of the LEP

2.1 Enterprise M3’s geographical area covers parts of both Surrey and Hampshire. It brings together localities within the following local authority district areas in Hampshire and Surrey:-

- Basingstoke and Deane Borough Council;
- East Hampshire District Council (partial);
- Elmbridge Borough Council;
- Guildford Borough Council;
- Hart District Council;
- New Forest District Council (partial);
- Runnymede Borough Council;
- Rushmoor Borough Council;
- Spelthorne Borough Council;
- Surrey Heath Borough Council;
- Test Valley Borough Council (partial);
- Waverley Borough Council;
- Winchester City Council (partial);
- Woking Borough Council

For further information on the geography of the Enterprise M3 see www.enterprisem3.org.uk/map/

3. Governance and Decision Making

3.1 Overall Structure

3.1.1 Enterprise M3 continuously reviews its governance procedures to ensure that it is fit for its current and future role. Key to these reviews are the need for LEPs to focus on delivery, to ensure effective relationships with the business community and to ensure the highest standards of transparency and accountability.

3.1.2 Enterprise M3 Board Members have agreed the high-level governance structure for Enterprise M3 which includes the following sub-groups:

- Enterprise M3 Board
- Enterprise M3 Programme Management Group
- Enterprise M3 Nominations Committee

- Enterprise M3 Resources, Finance and Audit Committee
- Enterprise Zone Programme Steering Group
- Enterprise M3 European Management Group
- Enterprise M3 Action Groups

3.1.3 A summary diagram of the governance structure is contained within Annex' A'. A short description of the Board and each sub-group is set out below, with specific focus on the roles of the Board and sub-groups in terms of the governance of the Enterprise M3's funding streams.

3.1.4 There is also a Joint Leaders Board, which is chaired and supported by local authorities within the Enterprise M3 area. This group includes representatives from all local authorities within Enterprise M3 and meets to consider issues affecting those authorities. The Joint Leaders Board is not a sub-group of the Enterprise M3 Board, but provides the views of local authorities within the area. The Board does receive regular updates on discussions by the Joint Leaders Board and considers this at Board meetings.

3.2 The Enterprise M3 Board

3.2.1 The Enterprise M3 Board ("the Board") is responsible for the overall strategic direction of Enterprise M3 as set out in the Enterprise M3 Strategic Economic Plan ("the Strategic Economic Plan"), establishing targets and priorities and monitoring progress towards those targets. It will do this with full regard to the resources available. It will seek the views of the Joint Leaders Board, along with the Enterprise M3 Programme Management Group, the Nominations Committee, the Enterprise M3 Resources, Finance and Audit Committee, the Enterprise M3 European Management Group, the Enterprise Zone Programme Steering Group, the Enterprise M3 Action Groups and the wider business community and stakeholders.

3.2.2 The representatives on the Board are intended to provide an appropriate geographical and sectoral balance across the Enterprise M3 area. Board members do not have appointed deputies.

3.2.3 The Enterprise M3 Board is made up of 20 Board Members. **The Enterprise M3 Board may co-opt additional members to join the main Board from time to time. This must be agreed by the Enterprise M3 Board.**

Table 1: Enterprise M3 Board (Correct at February 2018)

Representing	Geographical Coverage
Business x 8	At least one private sector Board member from an SME
Business Support Organisations x 2	2 Hampshire Districts/Boroughs
Public Sector x 6	2 Surrey Districts/Boroughs
	2 County Councils
Not for Profit x 1	
Higher Education x1	
Further Education x1	

Ministry of Defence x1

Ken Moon is the named Board Member who will engage and represent the SME Business Community.

- 3.2.4 District council representatives are selected by the Enterprise M3 Joint Leaders Board and the county councils put forward county representatives. Business Board member vacancies are advertised on the Enterprise M3 website and a representative is selected following applications and interview by the Chair and one Board Member. Nominations from the not for profit sector, further education, higher education, business support organisations and Ministry of Defence representatives are agreed with the Board.
- 3.2.5 The Chair of the Board is drawn from business membership and will hold the appointment for three years; this can then be renewed for one further term of three years only. The Board will agree the renewal of the appointment of the Chair. Board Members are appointed initially for up to three years, after this time the appointment is reviewed and may be extended for one further term only with agreement with the Board. Board members may only serve a maximum of six years. **In January 2018, the Enterprise M3 Board agreed to remunerate the Chair of Enterprise M3 to reflect the time commitment given in this role. Remuneration will be at a level of £20,000 per annum and will be effective from May 2018.**
- 3.2.6 Details of the individuals currently serving as members of the Board can be found on the Enterprise M3 website at: www.enterprisem3.org.uk/board-members/. **All Board Members must sign a Code of Conduct and complete a Declaration of Interest form when they join the Enterprise M3 Board. A copy of the Code of Conduct and a register of all Board Member interests is available to view on the Enterprise M3 website at: <https://www.enterprisem3.org.uk/document/register-interest-forms>. Members of the Board are requested to declare any conflicts of interest at the beginning of each Board meeting which relate the items due to be discussed, these declarations are recorded in the minutes and the register of interests will be updated to reflect any new conflicts. Board Members who have declared an interest which relates to the items due to be discussed at a meeting must withdraw from the meeting when a decision is taken.**
- All Enterprise M3 staff members must sign a Code of Conduct and complete a Declaration of Interest form when they join Enterprise M3. The Declaration of Interest form will be reviewed on a six monthly basis.**
- 3.2.7 The Board shall hold an Annual Meeting which can take the form of a conference. The Board shall hold ordinary meetings on such day and at such time and place as they may determine between each Annual Meeting.
- 3.2.8 No business shall be transacted at any meeting of the Board unless a quorum of at least six Board members is present. Both the public and private sectors shall be represented within the quorum of at least six Board members.
- 3.2.9 The Enterprise M3 shall publish on its website a public notice of **Programme Management Group and Board meetings at least five clear working days before any meeting**. Copies of the Agenda and any papers (save for confidential and exempt items) to be considered at a meeting of the **Programme Management Group** or Board will be open for inspection by the public at least five clear working days before any meeting, unless a matter is to be considered as a matter of urgency, in which case the item will be available for inspection as soon as it is added to the Agenda for the meeting. The public may make **taken place and final minutes will be made available within ten working days of the** written representations to the **Programme Management Group** or Board, and the process for doing is set out on the website of Enterprise M3. The Enterprise M3 **Programme Management Group** and Board will be

made aware of any written representations received at the meeting. **The draft minutes from meetings will be published within ten working days of the meeting having following meeting.**¹

- 3.2.10 Where an item is placed for decision by the Board, the majority of members must agree to the position. If a decision is split, the Chair has the casting vote.
- 3.2.11 Board members may make decisions out of session via written communication (hardcopy or electronic). Unless unavoidable, a minimum of two weeks should be allowed for decision making out of session.
- 3.2.12 **The Enterprise M3 Board and Programme Management Group have responsibility for all financial decisions with regard to projects. The Enterprise M3 Board have overall responsibility for the contract management of the Growth Hub. The Enterprise M3 Programme Management Group may approve Local Growth Fund/Growing Enterprise Fund projects with a value of less than £3m. Projects with a value greater than £3m must be considered by the Programme Management Group before being submitted to the Enterprise M3 Board for approval. The Enterprise M3 Board may 'call in' any project considered by the Programme Management Group with the agreement of three Board Members. Cost increases to projects previously approved by the Board or Programme Management Group may be agreed outside of meetings in order to prevent unnecessary delays in delivery. Cost increases of less than 10% may be approved by the LEP Director and cost increases below 20% can be approved by the Programme Management Group. The Enterprise M3 Board will approve any cost increases that exceed £3 million.**
- 3.2.13 **The Board will approve an annual budget and once approved the Director can approve requests for funding, as detailed within that plan. The Enterprise M3 Director may approve any variances of less than 10% from the headline income/expenditure budget. The Resources, Finance and Audit Committee may approve any variances between 10% and 30% and any variances in excess of 30% must be approved by the Enterprise M3 Board.**
- 3.2.14 The Director cannot approve their own expenses but can approve expenses of others. The Chair or other Board Members can approve Director's expenses. An expenses policy for Enterprise M3 Board Members can be viewed at <https://www.enterprisem3.org.uk/how-we-operate>.

3.3 Enterprise M3 Programme Management Group (PMG)

- 3.3.1 **The Enterprise M3 Programme Management Group ("the PMG") plays a key role in the ongoing management of Enterprise M3's funding programmes. The group is able to approve Local Growth Fund/Growing Enterprise Fund project with a contribution from Enterprise M3 of less than £3m and acts as an advisory group to the Board on larger projects.**
- 3.3.2 The PMG comprises the following representatives:
- 3 x Private Sector Enterprise M3 Board member (1 to chair)
 - 2 x Local Authority Member
 - 2 x Local Authority Senior Officer
 - 1 x Homes and Communities Agency representative
 - 1 x Accountable body representative
 - 1 x LEP Director

Additional members for transport-related items only:

- 2 x Local Authority Transport Lead Members

¹ Programme Management Group will have decision making powers from May 2018 and papers from this date will be available on the Enterprise M3 website.

- 1 x Private Sector Chair of Enterprise M3 Transport Action Group

3.3.3 The main focus of the PMG is around the Local Growth Fund and the Growing Enterprise Fund, although it will have oversight of all funding programmes held and influenced by Enterprise M3. Responsibilities of the PMG include:

- Approval of Local Growth Fund/Growing Enterprise Fund projects with a value of less than £3m.
- Reviewing and making recommendations to the Board on projects with a value greater than £3m.

3.3.4 The Enterprise M3 Action Groups provide the PMG with advice to aid the PMG in carrying out their role.

3.3.5 Further detailed information about the role of the PMG, including its terms of reference can be found on the Enterprise M3 website at www.enterprisem3.org.uk/pmg/

3.4 Enterprise M3 Nominations Committee

3.4.1 The Enterprise M3 Nominations Committee sets the policy for the Enterprise M3 Board on issues in relation to the membership of the Board and its associated governance structures This includes the following:

- Setting the policy for board appointments and specifying descriptions of the role and capabilities required for board appointments in light of existing skills and experience of current board members
- Planning for the future, including succession planning, to ensure that that the Board Membership reflects and can deliver the priorities of Enterprise M3's Strategic Economic Plan.
- Maintaining a balance within the Enterprise M3 Board and associated governance structures, including age, gender, ethnicity, public and private sector, sectors, geography and skills.
- Supporting the Enterprise M3 Board and Director by assuring succession planning with an ongoing pool of Board or Action Group candidates, which offer continuity, diversity and a skill set that supports the Enterprise M3 objectives.
- Assisting the preparedness of candidates with appropriate induction requirements, including background objectives, reports, meeting frequency and guidelines to help avoid conflicts of interest.
- Ensuring that Enterprise M3 through the membership of its structures, remains relevant to its stakeholders
- Developing new talent within the governance structures
- Identify opportunities to develop the capacity and competencies of board members and members of other groups such as media and public speaking training
- Building a reputation for progress and transparency

3.4.2 To achieve the above, the Nominations Committee will produce an annual work plan setting out key areas of focus for the year ahead and take forward actions identified. The Nominations Committee will provide a quarterly report to the Enterprise M3 Board.

3.4.3 The Nominations Committee comprises of the following members:

- 3 x Private Sector Enterprise M3 Board Member (1 to chair)
- 1 x Local Authority Member
- 1 x representative from the business support organisations
- 1 x Director of Enterprise M3 LEP

3.4.4 Further detailed information about the role of the Nominations Committee, including its terms of reference can be found on the Enterprise M3 website at <https://www.enterprisem3.org.uk/nominations-committee>

3.5 Enterprise M3 Resources, Finance and Audit Committee

3.5.1 The Resources, Finance and Audit Committee will act as an Enterprise M3 LEP Board sub-group, with decision making powers. It will provide a decision-making role on a range of operational issues, including resources, finance and audit. It will:

- Propose the budget for all revenue funding.
- Review financial performance reports, scrutinising the overall financial position.
- Review internal financial controls and risk management systems – including regular review of audit reports detailing risks and mitigation in place.
- Internal review of compliance with the LEP Assurance framework
- Oversee staffing issues, including recruitment and contract extensions, and performance issues with financial implications.
- Future Sustainability: Maintain oversight of the financial requirements and procedures relating to all funding awarded.
- Acting as a sounding board offering internal scrutiny, problem solving and supportive advice, including on the following matters:
 - a. Funding sources and programmes - exploring options for accessing additional funding through grants and other programmes
 - b. Procedures and operating policies including governance reviews, procurement, health and safety, risk
 - c. Stakeholder Memorandums of Understanding and other stakeholder partnership agreements
 - d. Good practice for HR, Finance and Risk matters
 - e. Consideration of organisational review of Enterprise M3 team.
- Review or make decisions on any other matters referred to the Committee by the Board.
- Report to the Board on the proceedings of the Committee after each meeting and make available to Board members, the minutes of Committee meetings.
- Liaise with the Accountable Body's Audit Committee, representing Enterprise M3's interests where necessary.

3.5.2 The Chair and members of the Committee shall be appointed by the Board. The following membership, drawn from the Enterprise M3 Board, is proposed:

- 2 x Non-Local Authority Enterprise M3 Board Directors
- 1 x Local Authority Enterprise M3 Board Members
- 1 x Director of Enterprise M3 LEP

An Accountable Body representative will have a standing invitation to all meetings.

3.5.3 Further detailed information about the role of the Nominations Committee, including its terms of reference can be found on the Enterprise M3 website at <https://www.enterprisem3.org.uk/rfac>

3.6 Enterprise M3 European Management Group (EMG)

3.6.1 The Enterprise M3 European Management Group (“the EMG”) will supervise the development and administration of the LEP’s European Structural and Investment Funding Programme (“the ESIF”). The EMG is a local sub-committee of the National Growth Programme Board for ESIF. The EMG is not a sub-group of the LEP Board, however its geographical coverage is contiguous with that of Enterprise M3.

3.6.2 The EMG will undertake a range of functions around the ESIF programme. The EMG is not a decision-making body, rather it will provide recommendations and guidance on strategic fit and value for money to the Managing Authorities for ESIF. The LEP has responsibility for recruitment to the EMG.

3.6.3 The membership of the EMG is subject to EU regulations and includes a wide range of representation from across the public, private and not-for-profit sectors. The LEP has appointed a Chair for the EMG.. Other members will be appointed through nomination by their sector.

3.6.4 The membership of the EMG comprises representatives from the following sectors:

- Enterprise M3 (chair);
- Local authorities;
- Private sector;
- Not-for-profit sector;
- Environmental;
- Trade unions;
- Higher education;
- Further education;
- Wider education and skills sectors;
- Rural;
- Equality and diversity; and
- ESIF Managing Authorities.

3.6.5 Further detailed information about the role of the EMG, including its terms of reference can be found on the Enterprise M3 website at www.enterprisem3.org.uk/emg/

3.7 Enterprise Zone (EZ) Programme Steering Group

3.7.1 Enterprise M3 secured ‘Enterprise Zone’ status for three sites at Basing View in Basingstoke, Longcross near Chertsey and Louisburg Barracks at Whitehill and Bordon in November 2015. To implement, oversee and develop the Enterprise Zone, an interim Programme Steering Group (PSG) has been set up which brings together representatives of each relevant local authority and representative land owners.

3.7.2 The PSG advises on the strategic direction and implementation of the programme and facilitates collaboration between the major stakeholders in the Enterprise Zone. The group does not have decision-making powers, rather it is an advisory group to the Board, specifically on matters and funding relating to the Enterprise Zone.

3.7.3 Responsibilities of the PSG include: reviewing and making recommendations to the Board on the relative priority of proposals for funding; consideration of due diligence on proposals, and recommending to the Board whether proposals should proceed to contracting; overseeing the development of an appropriate pipeline of proposals to be funding in future, and making recommendations to the Board around this.

3.7.4 The PSG comprises the following representatives:

1 x Private Sector Enterprise M3 Board members (to chair)

3 x District/Borough Council representatives (1 for each Enterprise Zone site)

2 x Landowner representatives (as 1 Enterprise Zone site is local authority-owned)

2 x County Council representatives

1 x Cities and Local Growth Team

1 x Accountable Body (Hampshire County Council) representative

1 x LEP Director

1 x Enterprise Zone Programme Director

3.7.5 Further detailed information about the role of the PSG, including its terms of reference can be found on the Enterprise M3 website at <https://www.enterprisem3.org.uk/enterprise-zone-programme-steering-group>

3.8 Enterprise M3 Action Groups

3.8.1 Enterprise M3 Action Groups (“Action Groups”) will play a key role in providing specialist advice and recommendations to the Board around particular projects. Enterprise M3 has the following Action Groups:

- Innovation & Enterprise Action Group
- Global Competitiveness through People Board
- Land & Property Action Group
- Transport Action Group
- Rural Action Group

3.8.2 The Action Groups will reflect the key issues and priorities in each sector. The Action Groups do not have financial decision-making responsibility.

3.8.3 Each Action Group will contain at least one Enterprise M3 Board member, and will be chaired by a member of the private sector, selected by the group. Chairs will be selected by each Action Group and agreed by the Board. The Chairs of the Action Groups are appointed for terms of up to two years.

3.8.4 The Action Groups provide the interface between the individual businesses, local authorities and other public sector agencies throughout the Enterprise M3 geographic area.

3.8.5 Each Action Group will have its own Terms of Reference. These terms of reference can be found on the Enterprise M3 website at www.enterprisem3.org.uk/action-groups/

3.9 Joint Leaders Board

3.9.1 The Joint Leaders Board (“the Joint Leaders Board”) brings together the Leaders of all 16 Local Authorities in the Enterprise M3 area with the purpose of strengthening the local authority governance arrangements in support of Enterprise M3, to assist in the development and implementation of actions that will deliver the Strategic Economic Plan, and to collaborate on economic development issues affecting the wider area.

3.9.2 The Joint Leaders Board strengthens local authority collaboration in support of Enterprise M3 and provides democratic accountability for the Enterprise M3 growth agenda. The Joint Leaders Board also:

- advises Enterprise M3 on the collective view of councils around strategic priorities and the Strategic Economic Plan;
- co-ordinates the contribution of councils on actions and activities to deliver the Strategic Economic Plan – making best use of, and potentially aligning, economic development resources and activities;
- acts as a forum for collaboration and discussion between the Enterprise M3 LEP councils on issues affecting economic development and regeneration across the area – particularly spatial planning (including the ‘duty to co-operate’), housing and transport;
- appoints the district level local authority members to the Enterprise M3 Board and to the Programme Management Group.

3.9.3 The chairing and administration of the Joint Leaders Board is managed by local authorities. The Chair of the Joint Leaders Board is appointed on an annual basis from amongst the membership of the Joint Leaders Board. These roles are appointed at the first meeting of the municipal year and are eligible for re-appointment. In the absence of the Chair, the Joint Leaders Board shall appoint a Chair for the meeting.

3.9.4 Further detailed information about the role and operation of the Joint Leaders Board can be found on the Enterprise M3 website at: www.enterprisem3.org.uk/joint-leaders-board/

4. Transparent Decision Making

4.1 Enterprise M3 recognises the importance of having clear arrangements in place which enable effective and meaningful engagement of local partners and the public. Enterprise M3 also acknowledges the importance of operating transparently giving the public and stakeholders confidence that decisions made are proper, based on evidence, and capable of being independently scrutinised.

4.2 For these reasons, Enterprise M3 has put in place a range of arrangements to ensure transparency and openness:-

a) Website

Enterprise M3 will maintain a dedicated website through which local partners and the public can keep in touch with progress on implementing the Growth Deal and can access key documents - www.enterprisem3.org.uk. Details of any funding opportunities are made available through the Enterprise M3 website.

b) Decision Making

Enterprise M3 will publish on its website Board papers, agendas and minutes to comply with local government legislation, unless the Board paper is of a confidential nature or an exempt paper falling under Schedule 12A Local Government Act 1972, as amended. The papers presented to the Board will broadly cover decisions made to provide funding to particular projects, programme updates, the rationale behind funding decisions, and details of successful projects. The publication of the Board papers, agendas and minutes are all referred hereto at paragraph 3.2.9.

c) Data Protection and Freedom of Information

Enterprise M3 is an informal partnership and cannot act as data controller of personal data. Enterprise M3 will adhere to the processes established by the County Council in relation to its obligations under the Data Protection Act 1998, **General Data Protection Regulations 2018** and the Freedom of Information Act 2000, as set out at clause 9 of the MoA.

Members of the Board are fully committed to ensuring that they share information in accordance with their statutory duties/relevant legislation. Partners recognise that any data or records supplied to public bodies are potentially subject to the provisions of the Data Protection Act 1998, **General Data Protection Regulations 2018** and the Freedom of Information Act 2000.

Enterprise M3 will also adhere to the Local Government Transparency Code and, through the County Council as the Enterprise M3 LEP's Accountable body, will ensure that all Freedom of Information and Environmental Information Regulation requests are dealt with in line with the relevant legislation.

d) Conflicts of Interest Policy

Enterprise M3 publishes on its website a Conflicts of Interest Policy. www.enterprisem3.org.uk/the-board

e) Risk Register

Enterprise M3 will retain a Risk Register, which will be reviewed on a regular basis. Member organisations will review the risk of their own involvement with the Enterprise M3 in accordance with their own procedures. The Risk Register will be published on its website - www.enterprisem3.org.uk/how-we-operate/. Kathy Slack, Enterprise M3 Director has overall responsibility for the identification and management of risk within Enterprise M3.

f) Register of Interests

Enterprise M3 will maintain a Register of Interests of its members in accordance with its Register of Interest Policy published on its website. www.enterprisem3.org.uk/board-members/

Enterprise M3 will also maintain a Register of Interests for its Programme Management Group Members and staff members and this can be found at: <https://www.enterprisem3.org.uk/how-we-operate>

g) Enquiries and Complaints Policy

Enterprise M3 will publish on its website an Enquiries and Complaints Policy as well as details around how members of the public and other stakeholders can contact Enterprise M3 (**including how to contact us on a confidential basis**) and provide input to the decision-making process. www.enterprisem3.org.uk/how-we-operate/. A Whistleblowing Policy is also published on the Enterprise M3 website.

h) Equalities and diversity

Enterprise M3 and the County Council, in undertaking its role as the Accountable Body to Enterprise M3, shall comply with their responsibilities under the Public Sector

Equality Duty as set out in section 149 of the Equality Act 2010 and they should have regard to these requirements when apportioning funding. An Equalities and Diversities statement is published on the Enterprise M3 website

<https://www.enterprisem3.org.uk/document/enterprise-m3-equality-and-diversity-statement>

The Board is committed to ensuring equality of opportunity in the delivery and accessibility of its services. In particular, Enterprise M3 will look to ensure diverse representation at Board and sub-group level which is reflective of the local business community (including geographies and protected characteristics). Enterprise M3 is committed to providing a safe environment free from unlawful discrimination and harassment both in employment and service delivery. Enterprise M3 and the County Council shall have due regard in the exercise of their roles and responsibilities to the need to:-

- eliminate discrimination, harassment and victimization and any other conduct prohibited under legislation;
- advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it

i) Liability and Indemnity Insurance

Enterprise M3 will provide Trustee and Trust Fund Liability insurance. Public liability and trustee indemnity insurance will be provided to a limit of £1m which will cover damages and claimant costs and defence costs. The policy covers both the organisation and the personal liability of trustees (directors or committee members), in relation to running the trust. This is referred to in the policy as maladministration. A full copy of the insurance policy is available on request.

j) Local Engagement

Partnership engagement is recognised as a key strength of Enterprise M3 with partners regularly commenting on the high levels of engagement. Enterprise M3's approach is to use early and ongoing engagement with a wide range of partners, driven by the Board. Enterprise M3 holds regular consultative meetings and communication.

Enterprise M3 consults with business forums, and the not for profit sector, and organises annual conferences, skills events, transport events on an ad-hoc basis. Enterprise M3 also engages with the public and stakeholders via its Action Groups.

To ensure the partners and stakeholders are kept up to date with the overall funding programme, Enterprise M3 will continue to use its established communications channels and tools, such as stakeholder newsletters, social media communications and regular partner meetings and will build on these where necessary.

k) Development, Prioritisation, Appraisal and Approval of Projects

Enterprise M3 will publish on its website arrangements for the development, prioritisation, appraisal and approval of projects (set out within Annex 'C'). This will be undertaken with view to ensuring that a wide range of delivery partners can be involved.

l) Social Value for Investment

Enterprise M3 shall consider how additional social value could be obtained through its procurement activities, which will primarily focus on how its economic objectives can be achieved through each project.

5. Accountable body – Role and Responsibilities

- 5.1 Enterprise M3 is not a legal entity. It is an informal partnership for which the County Council acts as the lead Accountable body for all funding streams under the control of the Enterprise M3 LEP.
- 5.2 The respective roles and responsibilities of Enterprise M3 and the County Council, in undertaking its role as the Accountable Body to the Enterprise M3 LEP, are confirmed hereto as set out in Annex 'B'.
- 5.3 The nature and scope of the relationship between the County Council and the Enterprise M3 is also set out in the MoA. The MoA sets out the support arrangements that the County Council, in its role as Accountable body, currently provides to Enterprise M3 in the form of administration, business and technical support arrangements. Authority for the County Council to enter into the MoA was secured at the Cabinet meeting on 27 October 2014 and the Executive Member for Policy and Resources on 12 March 2015.
- 5.4 The County Council is accountable for ensuring that all grant income received, payments out and any applicable repayments for all funding streams under the control of Enterprise M3 LEP are accounted for and administered correctly (which are subject to the County Council's normal internal and external audit controls).
- 5.5 The County Council in undertaking its role as Accountable body to Enterprise M3 shall ensure that expenditure is spent in accordance with all applicable legal requirements and also in accordance with the County Council's rules and procedures as set out in its Constitution and Financial Procedures. In particular, the County Council shall comply with its financial duties and rules which require it to act prudently in spending, which are overseen and checked by its Chief Finance Officer.
- 5.6 The County Council would not comply with a decision of the Board if it considers:
- the decision did not comply with the County Council's rules and procedures as set out in its Constitution and Financial Procedures;
 - the decision would lead to the available budget being exceeded;
 - the decision was unlawful;
 - the decision did not comply with the requirements of this Assurance Framework;
 - the decision committed funds to a project that was reliant upon unproven future funding (without a full risk assessment – which includes the views of the potential source of funding).

In such circumstances, the County Council and Enterprise M3 shall seek to resolve the matter by a process of consultation. If the matter cannot be resolved within a reasonable period of time, then the matter shall be escalated to the Executive Director of Enterprise M3 and the County Council's Director of Economy, Transport and Environment who shall decide on the appropriate course of action to take. If the matter still cannot be resolved, then the matter will be referred to an independent arbitrator to reach an agreement. The costs of an independent arbitrator shall be borne by the County Council and Enterprise M3 respectively.

- 5.7 In terms of scrutiny arrangements, Enterprise M3 has a Joint Leaders Board to ensure involvement of all of the local authority leaders. In order to help ensure appropriate decisions are made around the use of all funding streams secured by Enterprise M3, the PMG oversees the funding programme. The County Council, as the Accountable body, is represented at a senior officer level on PMG. This is in addition to the County Council's Deputy Leader having a seat on the Board. Enterprise M3 also report regularly to Government on progress and take part in formal annual review meetings, which act as a gateway for accessing future funding.

- 6. Ensuring value for money: prioritisation, appraisal, business case development and risk management**
- 6.1 Overall Management**
- 6.1.1 Enterprise M3 has robust arrangements in place to ensure value for money and effective delivery, through strong project development, project and options appraisal, prioritisation and business case development. These are set out hereto within Annex 'C'.
- 6.2 Funding – Allocations and Agreements**
- 6.2.1 Funding will be provided for individual and indivisible schemes or for coherent packages of closely-related schemes. Funding will not be provided for unspecified or loosely-defined uses.
- 6.2.2 Funding will only be used for schemes and/or purposes specified in the bid and associated approval decision, unless expressly approved by the Board.
- 6.2.3 The County Council, as the Accountable Body of all funding streams under the control of Enterprise M3, is responsible for compliance with the funding terms and conditions laid down by MHCLG, BEIS, the DfT and/or any other relevant government funding agencies, which includes the obligation to repay, in whole or in part in the event of non-compliance with those terms and conditions.
- 6.2.4 The funding of cost increases will be considered on a case by case basis. As a general rule, Enterprise M3 will expect promoters to bear cost increases that could reasonably be considered to be within their control. Enterprise M3 may fund cost increases, for example where the reason for the cost increase could not reasonably have been expected, such as a change in legislation or scope of the project.
- 6.2.5 Prior to disbursement of funding to a project, a legal funding agreement must be in place with the delivery organisation. The legal funding agreement will be in substantially the same form as the template legal funding agreement attached hereto at Appendix 'D'. In the case of the County Council being the delivery organisation, the County Council will confirm compliance with the terms of the legal funding agreement in the form of a letter as the County Council is unable to enter into a legal funding agreement with itself. In the event that there is an irreconcilable difference/disagreement with the terms of the legal funding agreement arising between the County Council being the delivery organisation and Enterprise M3, then the matter shall be escalated to the County Council's Director of Economy, Transport and Environment, the County Council's Chief Financial Officer and the Executive Director of Enterprise M3. If the matter can still not be resolved, the matter will be referred to an independent arbitrator. The costs of which shall be borne by the County Council being the delivery organisation and Enterprise M3.
- 6.2.6 The legal funding agreement will:-
- set out delivery milestones for the project, a projected payment schedule (where applicable) and will include arrangements for reporting monitoring information back to Enterprise M3;
 - provide assurance that any local contributions specified within the business case will be provided and accept liability for all cost increases; and
 - confirm that the awarded funding will only be used for the project for which it was awarded and that all reasonable efforts to control costs will be made.
- 6.2.7 Scheme promoters will be expected to bear scheme development costs for the first part of the application process. The preparation of detailed business cases is to be funded by scheme promoters. However, Enterprise M3 may agree to fund reasonable costs which comply with the funding terms and conditions.

6.3 Evaluation and Monitoring

- 6.3.1 The template for submitting full business case application requires promoters to clearly specify the Evaluation and Monitoring strategy. This forms an integral part of an application. As part of their evaluation of a proposal, Enterprise M3 will assess the adequacy of a promoter's Evaluation and Monitoring strategy, giving consideration to evaluations that are proportionate to the value and scale of each scheme, whilst being affordable and representing value for money.
- 6.3.2 Enterprise M3 will specify the monitoring metrics projects are expected to report on and the frequency on which these reports are required.
- 6.3.3 Evaluation methodologies and requirements will also be agreed with scheme promoters. Generally, the expectation will be that the scheme promoter funds evaluation activity from the project budget. Report(s) are to be produced and published on the Enterprise M3's website after suitable intervals/ period, following completion of the schemes.
- 6.3.4 The Evaluation Report(s) would aim to demonstrate the extent to which the assumed/ predicted impacts and benefits have been realised. They could cover the following measures, as appropriate for a scheme:
- Net additional jobs created in the Enterprise M3 area that can reasonably be linked to the intervention.
 - Net additional housing or employment floor space created or enabled as a consequence of the intervention (either directly or as part of a wider package of enabling measures).
 - Private sector investment leveraged as a result of the delivery of the intervention (either directly or as part of a wider package of enabling measures).
 - Local Gross Value Added (GVA) created and/or safeguarded.
 - Demonstrable contribution to retention of existing businesses in the Enterprise M3 area.
- 6.3.5 If appropriate and feasible, Enterprise M3 may produce consolidated evaluation reports, covering several schemes that are related either by geography or by type of intervention or scale of funding or some other relevant criteria, with the aim of drawing out common findings and recommendations for future decision making.
- 6.3.6 Enterprise M3 will produce an overall evaluation strategy setting out how it intends to undertake this. Individual scheme evaluations will be required to adhere to the principles set out within the overall evaluation strategy.

Annex A – Enterprise M3 Governance Structure

[Currently being updated to add Resources, Finance and Audit Committee and will be inserted into final document]

Annex B

Roles and Responsibilities – Prioritisation, Approval and Deployment of Funding

1.1 Enterprise M3:

- Board or Programme Management Group will approve the disbursement of funding to all projects, and shall consider the advice of other relevant governance groups in doing so.
- Shall have responsibility for overall programme management for the funding programmes under the control of the Enterprise M3, including overall budget management, project monitoring and progress reporting, risk reporting and management;
- Shall act as the main point of contact for funding applicants/recipients;
- Shall receive and undertake all initial assessments of funding applications;
- Shall approve projects 'in principle' subject to contract and due diligence assessments;
- Shall undertake due diligence assessments of projects after the 'in principle' approval;
- Shall provide the County Council with all successful project details and financial details following approval by the Board in order for the County Council to develop the appropriate funding agreements;
- Shall undertake the necessary monitoring visits to ensure that projects are progressing in line with the funding agreement terms and conditions and that appropriate records are kept;
- Shall authorise project claims submitted by funding applicants/recipients and ensure that they are in line with the terms and conditions of the funding agreement;
- Shall provide confirmation that all funding provided by Enterprise M3 has been used as per the terms and conditions laid down by DCLG, DfT and/or BEIS and/or any other relevant funding agencies,
- Shall work in partnership with the County Council in its role as Accountable Body to seek recovery of the funding should projects default from the terms and conditions of the funding agreement.
- Shall deal with any complaints and/or appeals in relation to the funding application and the decision making an approval processes;
- Shall provide a designated manager to manage each of the funding programmes

1.2 The County Council, acting as the Accountable body, shall:-

- Ensure that the funding is used appropriately in accordance with the funding terms and conditions;
- Ensure that any funding decisions and activities of Enterprise M3 conform with all applicable legal requirements including for example, state aid, equalities, social value, environment and public procurement law, and that any development decisions for specific proposals must go through the normal planning process and be guided by local plans taking into account all material considerations.;
- Ensure that Enterprise M3 is made aware of the importance of state aid issues in relation to taking decisions on funding allocations;
- Support Enterprise M3 in adhering to the Assurance Framework;
- Act in accordance with local government law and the County Council's rules and procedures as set out in its Constitution and Financial Procedures.
- Maintain the official record of Enterprise M3 proceedings and hold copies of all relevant Enterprise M3 documents relating to the funding, including maintaining accurate financial records;
- Ensure that there are arrangements for local audit of funding allocated by Enterprise M3 at least equivalent to those in place for the County Council spend
- Receive block allocations of funding from Government on behalf of Enterprise M3;
- Take responsibility for the decisions of Enterprise M3 in approving projects;
- Where appropriate provide comments on the approved 'in principle' projects in time to contribute to any due diligence process assessment;
- Draw up individual legal funding agreements in line with the terms and conditions of the relevant funding source/programme;

- For 100% upfront funded projects, make payments within authorised budgets to funding applicants/recipients in a timely manner following receipt of instructions from the Enterprise M3;
- For projects with stage payments or retrospective funding, the County Council will discharge payment to the funding applicant/recipient in a timely manner following receipt of instructions from the Enterprise M3;
- Provide the Enterprise M3 with appropriate financial reports, in compliance with the requirements of MHCLG, BEIS, DfT and/or other relevant government funding agencies;
- Produce an annual statement of funding received and expenditure in relation to the funding programmes under the control of the Enterprise M3;
- Comply with all relevant accounting and audit requirements;
- Work in partnership with the Enterprise M3 in relation to any claw back issues and/or deviations from the funding agreements with the funding applicant/recipient and/or the funding agreement with MHCLG, DfT, BEIS and/or any other government funding agencies;
- Receive and process repayments (where applicable) in line with the County Council's accounting policies and procedures;
- Provide the Enterprise M3 with notification of any repayments made, or not made,
- Deal with any complaints or appeals in relation to the County Council discharging its role as the Accountable body. Any complaints will be dealt with through the County Council's own complaints procedure.

Financial/Audit

2.1 Enterprise M3 shall:-

- Co-operate with and assist the County Council acting in its role as Accountable Body in undertaking the day to day responsibility for financial matters;
- Co-operate with and assist the County Council acting in its role as Accountable Body in regular audit examinations of all operating systems;
- Act upon any recommendations contained with the County Council's internal audit reports where the County Council's Chief Financial Officer so requires;
- Report any financial irregularity or suspected irregularity in the use of any funding to the County Council.
- Publish a statement of annual accounts, based on information provided by the accountable body.

2.2 The County Council, acting in its role as Accountable Body, shall:-

- Establish and maintain a financial system to account for all monies received and disbursed on behalf of the Enterprise M3;
- Transfer, subject to the receipt of properly authorised instructions from the Enterprise M3 LEP, funding for projects identified by the Enterprise M3;
- Supply, as necessary, completed statements of income, expenditure and disbursements to the Enterprise M3, funding organisations, MHCLG, DfT, BEIS and/or external auditors, including information necessary to allow the Enterprise M3 to provide updates to its board and others in a timely manner, and to allow the publication of annual accounts by the Enterprise M3.

Legal

3.1 The County Council, acting in its role as Accountable Body, shall:-

- Ensure that any funding decisions and activities of the Enterprise M3 conform with all applicable legal requirements including for example, state aid, equalities, social value, environment and public procurement law, and that any development decisions for specific proposals must go through the normal planning process and be guided by local plans taking into account all material considerations.;
- Develop and finalise appropriate legal funding agreements (subject to the approval of the Enterprise M3) and enter into such legal funding agreements with the individual funding applicants/recipients, as instructed by the Enterprise M3, to include adequate provisions for the protection of public funds.

- Send and receive signed legal funding agreements to the individual funding applicants/recipients;
- Contract with any organisations who are providing advice to the Enterprise M3 in order to support the activity of the funding programmes under the control of the Enterprise M3. The Enterprise M3 recognises the need for such work to be funded from the revenue element of the funding programmes (if applicable) and any such work will need to comply with the County Council's own financial and procurement processes;
- Advise on any state aid issues, as and when required, and signpost when further advice and input may be required.
- Commence the procurement process and complete the appropriate contractual documentation on behalf of the Enterprise M3, where the Board has authorised the County Council to approve such spend and procurements processes, subject to adequate funding provision being made by the Board and compliance with the Assurance Framework.

Prioritisation, Appraisal, Value for Money and Business Case Development

- Enterprise M3 will engage with a range of partners in order to reach a wide range of stakeholders and attract suitable project proposals for any funding that is likely to be available. Enterprise M3 will endeavour to actively engage partners through its action groups, project managers and newsletters, and will also make information publicly available via its website. Enterprise M3 will aim to work with a sufficiently diverse set of partners to allow a wide range of project options likely to achieve the strategic objectives of the Enterprise M3 to come forward for consideration.
- Potential bidders will be provided within an intervention template document (a copy of which will also be made available on the Enterprise M3 website), which will capture outline business case information required to undertake an initial assessment around the merits of the proposed project.
- Following the submission of a completed intervention template, the Enterprise M3 will undertake an initial assessment of the proposal based on the following criteria:

Fit with Strategic Economic Plan priorities, including:

- Spatial priorities – Growth and Step-up Towns
- Sectoral priorities and links to the development of the SciTech Corridor
- Links to other relevant interventions and funding programmes

Delivery risk, including:

- Level of conceptual development
- Delivery barriers identified and/or mitigated
- Identified delivery risks and mitigation

Value for Money, including:

- Economic outcomes expected
- Funding required and match funding/leverage
- Potential for providing funding as a loan
- Value for money assessments undertaken

This initial assessment will determine whether the proposal is something Enterprise M3 would support, and the relative priority of the proposal. Project managers will provide feedback to bidders following this assessment.

- For those projects to be taken forward, Enterprise M3 will request the submission of a detailed business case, based on a template developed by Enterprise M3. The business case template will seek a proportionate level of information to address the five cases within the HM Treasury Green Book business case development methodology. The outline and full business cases are the evidential basis on which assessment of projects will take place, and by which the relative priority of projects will be determined.
- Independent scrutiny will then be undertaken around these business cases, verifying that the information provided is sound and can be used as evidence for decision-making around the priority and funding of the project. Rigour and data quality will be assessed, alongside the need and/or opportunity the project addresses. This process will also ensure established best practice is taken account of appropriately in proposals and that all projects are quality assured

in an independent manner. This independent scrutiny will also test the extent to which clearly defined inputs, activities, outputs and economic outcomes, the additionality of these outputs, and factors such as deadweight and displacement have been taken into account.

- Following this, the business cases, and the advice provided through the independent scrutiny process, will be considered by the relevant Enterprise M3 Action Group(s), who will provide expert input as to the merits of the project. Action Groups will consider, proposals in line with the criteria set out above. Where an action group uses additional, theme specific, criteria to assess a project, these additional criteria will be clearly set out on the Enterprise M3’s website.
- The Enterprise M3’s PMG will then consider the outcome of this and form a view as to the relative priority of a project within the overall programme, and whether the project should proceed to contracting. The PMG has responsibility for comparing different types of projects across the programme. **The PMG will approve any projects with a value of less than £3m or make a formal recommendation to the Board with projects with a value greater than £3m stating that the proposal should:**
 - proceed to contracting;
 - proceed to contracting subject to certain conditions being met; or
 - not proceed to contracting at this point.
- Value for money across the programme will be assessed and reviewed on an ongoing basis.
- Enterprise M3 has allocated named individuals as having responsibility for overseeing the scrutiny of business cases, and for ensuring there is overall value for money within the Local Growth Fund and Growing Enterprise Fund programmes:

Name	Job Title	Responsible for
Rachel Barker	Assistant Director – Operations	Ensuring overall value for money within the Local Growth Fund and Growing Enterprise Fund programmes.
Sarah Carter	Head of Skills	Overseeing scrutiny of skills business cases
Chris Quintana	Head of Enterprise & Innovation	Overseeing Scrutiny of Enterprise and Innovation business cases
Kevin Travers	Head of Transport	Overseeing scrutiny of Transport business cases

Transport Projects – Approval and Scrutiny of Business Cases

Transport projects will be submitted to Enterprise M3 in the same way as outlined above. All Business Cases submitted by scheme promoters will be expected to follow the key principles of the Transport Business Case guidance provided by both Enterprise M3 and the Department for Transport. The modelling and appraisal of schemes contained in Business Cases will be developed in accordance with the guidance published in WebTAG at the time the Business Case is submitted to Enterprise M3

for approval. Central case assessments will be based on forecasts which are consistent with the definitive version of NTEM (DfT's planning dataset). Alternative planning assumptions such as sensitivity tests may be considered when making a decision about whether to approve a scheme.

Once a scheme has been endorsed by Enterprise M3, the following process is to be followed:

- Full business case developed with appropriate WebTAG assessment undertaken by the scheme promoter. This is to be in line with the most recent guidance from the DfT and Enterprise M3, taking account of the advice on the proportional application of WebTAG guidelines. The scheme promoter is required to confirm that a procurement strategy is in place for the scheme and that this is legally compliant and is likely to achieve best value for money.
- Enterprise M3 then undertake or commission independent scrutiny and due diligence of the business case for each scheme, with a value for money statement provided on each scheme.
- A recommendation on funding, based on the advice of the Transport Action Group is made to the Programme Management Group and Board.
- Papers from the meetings of the Enterprise M3 Programme Management Group and Board will be made available on the Enterprise M3 website.

In carrying out the value for money assessment and completing the Value for Money Statement, Enterprise M3 will follow the good practice advice set out by the DfT in [Value for Money Assessment: Advice Note for Local Transport Decision Makers – December 2013](#).

In the main, Enterprise M3 intends to promote schemes that have a HIGH VfM, with BCR >2. Schemes with LOW VfM (BCR < 1.5) would not be supported, except in very exceptional cases. Consideration may be given to schemes that represent MEDIUM VfM (BCR between 1.5 and 2.00) The criteria for such considerations would be the following, as appropriate:

- In each year within the funding/ delivery window (i.e.: 2015 to 2019/ 2021), the LEP will first allocate funds to schemes with HIGH VfM rating. Having made such allocation, if there still remain available funds for allocation within that year or the funding window, consideration would be given to schemes with MEDIUM VfM rating.
- The schemes are amongst the prioritised list of schemes or amongst the cluster of schemes notified to the DfT during July 2013.
- The schemes are consistent with the strategic agenda of the LEP and include impacts that are currently not normally monetised.
- The schemes score highly on all the Business Cases, excepting VfM considerations.
- Schemes which form part of a wider package or initiative, where other components have a high value for money assessment.
- Schemes which are innovative or which trial new techniques or where the benefits of the schemes are not adequately captured by conventional assessment techniques
- Where the interventions could help to maintain or grow unquantifiable business or consumer confidence in the area, and so lead to economic growth.

Annex D – Template Legal Agreement for Local Growth Fund

[Board Members can request this document by emailing rachel.barker@enterprisem3.org.uk]